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#BUSINESS NEWS

MARCH 1, 2017 / 4:22 AM / A YEAR AGO

Formosa expects faster ok for U.S. petrochemical plant under new EPA chief

Faith Hung



TAIPEI (Reuters) - Formosa Petrochemical Corp. expects faster approval for a planned \$9.4 billion petrochemical plant in the U.S. state of Louisiana under the administration of President Donald Trump, the company's chairman said on Wednesday.

The U.S. Environmental Protection Agency (EPA) is likely to roll back some of its regulations after the appointment as head last month of Scott Pruitt, who sued the agency multiple times as Oklahoma state attorney general.

The company should benefit from less stringent environmental regulations under the Trump administration, Formosa Petrochemical Chairman Chen Bao-lang said. A subsidiary of Formosa's parent company admitted to massive pollution in Vietnam last year.

“We are more optimistic about the investment,” Chen told Reuters in an interview in the group’s headquarters in Taipei. “At least the obstacles will be fewer... We’re aiming to get an air permit in August 2018.”



Formosa Petrochemical is part of Taiwanese conglomerate Formosa Plastics Group, which has production facilities across Taiwan, China, the United States and Vietnam.

Another Formosa subsidiary, Formosa Ha Tinh Steel, paid \$500 million in damages in Vietnam after it admitted last year that it polluted more than 200 km (125 miles) of coastline in April, killing more than 100 tonnes of fish and devastating the environment, jobs and economies of four provinces.

PRODUCTION TO START ONE YEAR EARLIER

The petrochemical plant will be located in Louisiana’s St. James Parish. The group first submitted its application to the Louisiana state government in September 2015.

“Trump has said his priority is the U.S. economy first, and then environmental protection,” said the chairman, who is also an executive member of the group’s board. “So far everything is running smoothly.”

Formosa is now hoping to start production in 2021, one year ahead of schedule, after getting the permit, he said.

Formosa Petrochemical is leading the project along with another member of the group, Formosa Chemicals & Fibre Corp..

The first phase of the project includes an ethane cracker with an annual capacity of 1.2 million metric tonnes and 600,000 metric tonnes of propylene. In the second phase, slated for construction by March 2025, it will build another ethylene plant with annual capacity of 1.2 million tonnes, Chen said.

The group is also expanding its U.S. production facilities in Texas with a \$5 billion investment to increase its output of ethylene glycol, scheduled for completion in 2018.

Reporting by Faith Hung; Editing by Richard Pullin and Christian Schmollinger

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#COMMODITIES

FEBRUARY 9, 2018 / 12:01 AM / UPDATED 10 HOURS AGO

China gives new incentives to boost high-quality coal capacity

Reuters Staff



BEIJING (Reuters) - China plans to increase high-quality coal supply by allowing mines to boost capacity if they shut outdated production processes, the latest effort by authorities to further streamline the industry and stabilize coal prices.

Excavators transport coal at a railway station in Yuncheng, Shanxi province, China January 25, 2017.
REUTERS/Stringer

Coal companies will be encouraged to close inefficient and polluting mines and replace them with larger ones if they meet certain standards, the National Development and Reform Commission (NDRC) said in a statement on Friday.

Companies that agree to sign long-term contracts with power plants or to set up joint ventures with power companies will be allowed to expand their capacity by 130 percent to 300 percent.

The NDRC would give those allowed to boost capacity less than a year to shut outdated production, the statement said.

The incentives are the latest of several measures taken by China to foster closer ties among coal mines, coal-related businesses and power utilities as it looks to stabilize coal prices. Last year, China's top coal miner Shenhua Group Corp took over China Guodian Group Corp and created world's largest power utility.

In late January, four of the country's major utilities warned of tight coal supplies after thermal coal prices on the Zhengzhou Commodity Exchange hit a record of 679.8 yuan (\$107.53) a tonne. Spot coal prices at ports have been above 750 yuan a tonne in recent weeks.

To halt the price surge and ensure coal supplies to utilities amid frigid weather, the NDRC earlier this week ordered the major coal port of Qinhuangdao, in China's northeastern Liaoning province, to cap FOB thermal coal prices at 750 yuan a tonne from Feb. 5.

The power industry had borne the brunt of the price spike, coming under severe pressure from late November when coal climbed above 640 yuan a tonne, the approximate level at which utilities can break even.

With electricity prices fixed in China, utilities are unable to pass on their high feedstock costs to customers.

Among other incentives, companies with mines in nature reserves or regions with a high risk of natural disasters will be allowed to double capacity if they re-locate, the NDRC statement said.

China aims to eliminate all coal mines with a capacity of less than 90,000 tonnes this year. Industry experts say more than 1,000 mines with a combined capacity of around 150 million tonnes of coal capacity are expected to shut in 2018.

Reporting by Muyu Xu and Josephine Mason; Editing by Shri Navaratnam and Richard Pullin

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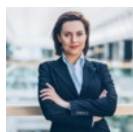
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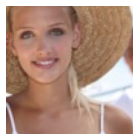
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